



Title: I, Payroll/Personnel Manual

Chapter: 28, Section 2, Tax Formulas (TAXES)

Bulletin: TAXES 08-9, Maine State Income Tax Withholding

Date: March 11, 2008

To: Holders of TAXES (State of Maine only)
Personnel User Groups
T&A Contact Points in Maine

Beginning with wages paid for Pay Period 5, the National Finance Center (NFC) will change the income tax withholding tables for the state of Maine.

To view the updated tax formula, go to NFC's Home Page (www.nfc.usda.gov) and click the **Publications** link at the top of the page. At the Publications page right-hand menu, click **Tax Formulas** and select the appropriate state from the map provided. Changes to the tax formula are identified by "►◄".

For questions about NFC processing, contact the Payroll/Personnel Call Center at **504-255-4630**.

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Government Employees Services Division

Maine State Income Tax Information

State Abbreviation:	ME
State Tax Withholding State Code:	23
Acceptable Exemption Form:	W-4 or W-4ME
Basis For Withholding:	State Exemptions
Acceptable Exemption Data:	S, M / Number of Allowances
TSP Deferred:	Yes
Special Coding:	Determine the Total Number Of Allowances Claimed field as follows: First Position – S = Single; M = Married; Note: Previous Filing status N (Married – Filing Jointly) defaults to S (Single) Second and Third Positions – Enter the number of allowances claimed. If less than 10, precede with a zero.
Additional Information:	If the W-4 is used, code it as a state tax document. An employee who had a filing status of Married, Filing Jointly (N) and wants to claim Married (M) must complete a new W-4 with filing status (M).

Withholding Formula ►(Effective Pay Period 5, 2008)◄

1. Subtract the nontaxable biweekly Thrift Savings Plan contribution from the gross biweekly wages.
2. Subtract the nontaxable biweekly Federal Health Benefits Plan payment(s) (includes dental and vision insurance program, and flexible spending account – health care and dependent care deductions) from the amount computed in Step 1.
3. Add the taxable biweekly fringe benefits (taxable life insurance, etc.) to the amount computed in step 2 to obtain the adjusted gross biweekly wages.
4. Multiply the adjusted gross biweekly wages by ►27◄ to obtain the annual wages.
5. Determine the exemption allowance by applying the following guideline and subtract this amount from the result of step 4 to determine the taxable income.
$$\text{Exemption Allowance} = \$2,850 \times \text{Number of Exemptions}$$
6. Apply the taxable income computed in step 5 to the following table to determine the annual Maine income tax withholding.

**Tax Withholding Table
Single
(Filing Status S)**

If the Amount of Taxable Income Is:		The Amount of Maine Tax Withholding Should Be:		
Over:	But Not Over:	Of Excess Over:		
\$ 0	\$ ▶2,600	\$ 0	plus 0.0%	\$ 0
2,600	7,450	0	plus 2.0%	2,600
7,450	12,300	97	plus 4.5%	7,450
12,300	22,050	315	plus 7.0%	12,300
22,050	and over	998	plus 8.5%	22,050◀

**Married
(Filing Status M)**

If the Amount of Taxable Income Is:		The Amount of Maine Tax Withholding Should Be:		
Over:	But Not Over:	Of Excess Over:		
\$ 0	\$ ▶6,250	\$ 0	plus 0.0%	\$ 0
6,250	16,000	0	plus 2.0%	6,250
16,000	25,700	195	plus 4.5%	16,000
25,700	45,150	632	plus 7.0%	25,700
45,150	and over	1,993	plus 8.5%	45,150◀

7. Divide the annual Maine income tax withholding determined in step 6 by ▶27◀ and round to the nearest dollar to obtain the biweekly Maine income tax withholding.

Note: If the annual computed tax is \$40 or less, the withholding amount will be changed to zero.